

GREGORY K. JONES, State Bar No. 181072
gjones@stradlinglaw.com
STRADLING YOCCA CARLSON & RAUTH A PROFESSIONAL
CORPORATION
10100 N. Santa Monica Blvd., Suite 1450
Los Angeles, CA 90067
Telephone: (424) 214-7000
Facsimile: (424) 214-7010

Subchapter V Trustee for
Worksite Labs, Inc.

UNITED STATES BANKRUPTCY COURT
CENTRAL DIVISION OF CALIFORNIA
LOS ANGELES DIVISION

In re:

Worksite Labs, Inc.,

Debtor.

CASE NO. 2:23-bk-14539-VZ

Chapter 11
Subchapter V

**SUBCHAPTER V TRUSTEE'S
STATUS REPORT STATEMENT**

Subchapter V Status Conference Date:

Date: September 14, 2023
Time: 10:00 a.m.
Place: Courtroom 1368
Roybal Federal Building
255 E. Temple Street
Los Angeles, CA 90012

Gregory K. Jones, Subchapter V Trustee in the above-captioned chapter 11 case (the “Trustee”), hereby provides this status report (the “Report”) in connection with the status conference in the subchapter V case filed by Worksite Labs, Inc., debtor and debtor in possession herein (the “Debtor”).

I. INTRODUCTION

On July 21, 2023, this Court entered its “Order: (1) Setting Conference on Status of Subchapter V Case; (2) Requiring Debtor to Appear at Status Conference and File Report on Status of Subchapter V Case, or Face Possible (A) Conversion of Case to Chapter 7; or (B) Dismissal of Case; (3) Requiring Subchapter V Trustee to Appear at Status Conference and File Report on Status of Trustee’s Duties; (4) Requiring Compliance With Standards re Employment and Fee Applications; (5) Giving Notice of Probable Use of Court-Appointed Expert Witness for Contested Valuation Requests; (6) Mandating Use of Forms for Subchapter V Plan and Pertinent Motions; and (7) Establishing Procedure for Motion for Order Confirming Subchapter V Plan” (the “Scheduling Order”) [Docket No. 4].

Section II of the Scheduling Order provides that, *inter alia*, “the Subchapter V trustee must file – and serve on the Debtor and U.S. Trustee – a status report to indicate progress in carrying out the Subchapter V trustee’s duties under 11 U.S.C. § 1183(b).”

II. REPORT

A. The Subchapter V Trustee’s Duties

The subchapter V trustee’s duties are set forth in Bankruptcy Code section 1183(b), which provides as follows:

- (b) Duties—The trustee shall—
 - (1) perform the duties specified in paragraphs (2), (5), (6), (7), and (9) of section 704(a) of this title;

- (2) perform the duties specified in paragraphs (3), (4), and (7) of section 1106(a) of this title, if the court, for cause and on request of a party in interest, the trustee, or the United States trustee, so orders;
- (3) appear and be heard at the status conference under section 1188 of this title and any hearing that concerns --
 - (A) the value of property subject to a lien;
 - (B) confirmation of a plan filed under this subchapter;
 - (C) modification of the plan after confirmation; or
 - (D) the sale of property of the estate;
- (4) ensure that the debtor commences making timely payments required by a plan confirmed under this subchapter;
- (5) if the debtor ceases to be a debtor in possession, perform the duties specified in section 704(a)(8) and paragraphs (1), (2), and (6) of section 1106(a) of this title, including operating the business of the debtor;
- (6) if there is a claim for a domestic support obligation with respect to the debtor, perform the duties specified in section 704(c) of this title; and
- (7) facilitate the development of a consensual plan of reorganization.

11 U.S.C. § 1183(b). The incorporated provisions of section 704(a) (in § 1183(b)(1)) include: (i) being accountable for all property received (§ 704(a)(2)); (ii) if a purpose would be served, examining proofs of claim and objecting to the allowance of any claim that is improper (§ 704(a)(5)); (iii) if advisable, opposing the discharge of the debtor (§ 704(a)(6)); (iv) unless the court orders otherwise, furnishing such information concerning the estate and the estate's administration as is requested by a party in interest (§ 704(a)(7)); and (v) making a final report and filing a final account of the administration of the estate with the United States Trustee and the court (§ 704(a)(9)).

1 This list is not exhaustive. As stated by the Department of Justice,
2 [T]he trustee should be readily accessible to and actively
3 engage with creditors. The trustee also should meet and
4 confer with the committee of creditors pursuant to §
5 1103(d), if such a committee is appointed (in most cases,
6 no committee will be appointed). In short, a subchapter
7 V trustee is appointed to serve as a fiduciary in these
8 small business cases, and the trustee must protect and
preserve estate assets that are in the trustee's control,
among other fiduciary duties.

9 U.S. Dep't of Justice, *Handbook for Small Business Chapter 11 Subchapter V*
10 *Trustees*, at 1-7 (February 2020).

11 **B. Detail Regarding Trustee's Duties in Present Case**

12 Since his appointment, the Trustee has attended to his duties under the
13 Bankruptcy Code. More specifically, the Trustee has engaged in the following
14 activities:

15 1. Performance of Duties Under Section 704(a)(2), (5), (6), (7), and (9)

16 Section 1183(b)(1) states that the trustee must perform the duties under
17 section 704(a)(2), (5), (6), (7), and (9). The Trustee has not received any property,
18 thereby making section 704(a)(2) inapplicable. On the other hand, the Trustee has
19 reviewed the approximately twenty proofs of claim that have been filed and
20 remains in the process of determining whether objections are appropriate
21 (704(a)(5)). The Trustee has not opposed the Debtor's possible discharge at this
22 time, but may do so after the bar date and/or filing of a plan (704(a)(6)).

23 With respect to section 704(a)(7), the Trustee has conferred with a couple of
24 unsecured creditors about the status of the bankruptcy case and responded to
25 inquiries about proofs of claim. The Trustee has provided information to creditors
26 in these conferences. Finally, the Trustee intends to make a final report and file a
27 final account prior to the closure of the case (704(a)(9)).

2. Performance of Duties Under Section 1106(a)(3), (4), and (7)

The Trustee has examined the financial condition of the Debtor, as mandated by section 1106(a)(3). More specifically, the Trustee has reviewed the Debtor's Schedules and Statement of Financial Affairs [Docket No. 67], as well as the documents provided to the Office of the United States Trustee. If the Trustee discovers any "fraud, dishonesty, incompetence, misconduct, mismanagement, or irregularity in the management of the affairs of the debtor or to a cause of action available to the estate," he will confer with the Office of the United States Trustee and file the report required by section 1106(a)(4). Finally, under section 1106(a)(7), the Trustee will file necessary post-confirmation reports.

3. Performance of Duties Under Section 1183(b)(3)

The Trustee will attend and be heard at the September 14, 2023 Status Conference. Additionally, the Trustee will attend the plan confirmation hearing, any hearing regarding the sale of property of the estate, and any hearing regarding the value of property subject to a lien.

4. Performance of Duties Under Section 1183(b)(4)

The Trustee will ensure that the Debtor makes payments under a plan, if a plan is ultimately confirmed.

5. Performance of Duties Under Section 1183(b)(5)

The Trustee is prepared to operate the business of the Debtor if it ceases to be a debtor in possession under subchapter V.

6. Performance of Duties Under Section 1183(b)(6)

There are no domestic support obligations in this case, so section 1183(b)(6) is inapplicable.

7. Performance of Duties Under Section 1183(b)(7)

A subchapter V trustee is also directed to "facilitate the development of a consensual plan of reorganization." 11 U.S.C. § 1183(b)(7). The Trustee has

1 discussed the direction of the case and the plan confirmation process with the
2 Debtor's counsel on a number of occasions. As stated above, the Trustee has also
3 conferred with some unsecured creditors, but admittedly needs to contact
4 additional ones to discuss the plan. Therefore, prior to the status conference, the
5 Trustee intends to contact counsel for additional creditors that filed large proofs of
6 claim in the case (e.g., Pawnee Leasing Corporation, Claim No. 6, Salescatcher,
7 LLC, Claim No. 9, and Beam & Associates, Claim No. 17), as well as the claims
8 filed by governmental entities, which have a later bar date. The Trustee will
9 continue such discussions with all parties until the Status Conference.

10 DATED: August 31, 2023

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12 CORPORATION

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14 By: /s/ Gregory K. Jones
Gregory K. Jones
15 Subchapter V Trustee
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